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SUBJECT: RIGHT OF CENTER UNIONS DOMINATE IN VICTORIA

REF: A. MELBOURNE 69
[1](#)B. CANBERRA 305
[1](#)C. CANBERRA 188

Classified By: Justin Kolbeck, Pol/Econ Officer for Reasons 1.4 (b),(d)

Summary

[1](#)1. (C/NF) Unionized workers represent almost twenty percent of the Australian workforce, yet hold disproportionate political influence in federal and Victorian politics. Victorian right-of-center unions maintain a powerful sway over federal and state Ministers by engaging in backroom diplomacy, funding political campaigns and grooming future MPs; this is further strengthened by the recent mending of a recent rift within "the Right." By contrast, the left-leaning unions in Victoria have seen their influence diminish. Labor unions in Victoria, which supplies one third of the federal cabinet, show no sign of relinquishing their influence over Australian politics. End Summary.

Right Unions Dominate

[1](#)2. (C/NF) Labor unions in Victoria divide into right and left leaning ideological blocs that have very different modus operandi. The "Right" currently wields more influence than the "Left" in accessing the levers of governmental power. The right-leaning Australian Workers Union (AWU) told post that it has a "great" relationship with the Victorian government. By contrast, the left-leaning Construction, Forestry, Mining, and Energy Union (CFMEU) complained that it has "no access" to the Victorian cabinet, including the state minister specifically designated to interface with labor unions. In addition, the Right cultivates a robust stable of Members of Parliament (MPs), to whom they are able turn in private discussions. Australian unions, however, operate with substantially fewer funds than their U.S. counterparts.

The Right

[1](#)3. (SBU) The right leaning bloc includes the Australian Workers Union (AWU), National Union of Workers (NUW), Health Services Union (HSU), and the Shop, Distributive and Allied Employees Association (SDA), which all unite under the Australian Council of Trade Unions (ACTU). The ACTU is a left-of-center peak organization which attempts to represent Australia's entire labor movement. In a conversation with Cesar Melhem, Victorian Secretary of the AWU, post learned that the AWU works diligently to place its own members in parliamentary positions, both at the federal and state levels. This includes Bill Shorten, MP who was a former AWU National Secretary (bio - Ref. A). The NUW told us that it had moved away from an emphasis on grooming future MPs during

the Howard government, but is now beginning to operate in much the same way. The NUW's Victorian Secretary, Antony Thow, will run for a federal senate seat against incumbent swing Senator Steve Fielding who is widely expected to lose his seat in the next election.

¶4. (C/NF) The right-leaning unions, particularly the AWU, also wield considerable influence among Australia's senior Ministers. For example, Melhem told us that the AWU used a "well-researched and backroom policy" to persuade Prime Minister Rudd and Climate Change Minister Penny Wong to "slow down and consider the costs" associated with the Climate Pollution Reduction Scheme (CPRS). In addition, the AWU holds two out of six seats on the National Selection Committee, which is chaired by the Prime Minister. This group is responsible for allocating the ALP's federal parliamentary seats. Putting her role into context, Kathy Jackson, the HSU's National Secretary told us that she and other Union Secretaries wield at least as much influence as junior state ministers at the state level by controlling who is selected to run for Parliament (Ref. C).

¶5. (C/NF) Dynamic and forward thinking union leadership in the Right has contributed to the faction's influence on government. In visiting the AWU, HSU and NUW, post was struck by the high quality of those unions' leaders. Post found leaders at these three unions to be very energetic and involved, with an eye on increasing influence and building effective relations with the government. NUW Victorian Secretary Antony Thow and AWU Victorian Secretary Cesar Melhem are articulate, diplomatic, and especially impressive leaders. Jackson will likely see her union's numbers swell

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as jobs move away from the manufacturing sector and into areas such as health care. She struck us a sharp and well-connected ALP insider. The AWU, HSU and NUW employ a younger cadre of workers, and exhibit an open, modern, and active office space.

The Left

¶6. (C/NF) The left-leaning unions, which include the CFMEU and the Australian Manufacturing Workers Union (AMWU), have a very different way of operating. Post learned from CFMEU National Secretary Dave Noonan and Victorian Secretary Bill Oliver that the CFMEU utilizes a much more public and antagonistic form of lobbying. This characteristic has led Deputy Prime Minister Julia Gillard and other ALP officials to publicly distance themselves from the CFMEU. The CFMEU regularly holds public protests in front of the Australian Building and Construction Commission (ABCC - which shares a building with post) and has staged large-scale, aggressive strikes on major construction projects in Melbourne, voicing their opposition to the ABCC. The CFMEU sees the ABCC as a heavy handed industrial watchdog and has effectively turned their union into a single-issue organization, focused relentlessly on persuading the GOA to eliminate this Howard-era entity.

¶7. (C/NF) This myopic focus appears to have led the CFMEU into the political wilderness. Oliver and Noonan told post that they felt "betrayed" by Prime Minister Rudd's decision not to abolish the ABCC after he reportedly promised the CFMEU and other unions that he would do so in a pre-election private meeting. In retaliation, Noonan and Oliver said that they would not support the ALP in the next federal election (read: cut off campaign funding). (Comment: This is a relatively empty threat as the CFMEU is unlikely to support the Liberal party and will, at best, knock off rivals within the ALP by supporting the Green party in key constituencies. End comment.)

¶8. (C/NF) The CFMEU and the AMWU told post that they have little interest in grooming MPs. (Comment: This reveals a

disconnect with the political system, as the Victorian Secretary for the AMWU, Steve Dargavel, is a former MP from the Australian Capital Territory (ACT). End Comment.) Instead, they are externally active, and are prone to organizing high-visibility activities such as picket lines, strikes and protests.

¶9. (C/NF) Oliver and Noonan struck post as being very energetic, seasoned, and capable leaders ready to roll up their sleeves and fight the good fight. By contrast, the AMWU Victorian Secretary Steve Dargavel appeared reserved, worn, and rather uncharismatic. This sentiment was echoed by the leadership of the AWU. The CFMEU and the AMWU employ an older staff, and have closed, cubicle-based, and relatively antiquated office space that contributes to a less energetic and friendly atmosphere.

Mergers?

¶10. (SBU) Post learned from the AWU and NUW that some unions are considering mergers in the future. The AWU is considering a merger with the AMWU, thus bridging the left-right divide, though post was told the merger will not happen "soon." Federal Member of Parliament Richard Marles told post that while ideology is still a good indicator of union actions, it no longer has the traction that it did in the past (Ref C). The NUW indicated its willingness to listen to any and all merger overtures, but maintains that a key to influence is the ability to effectively marshal union membership to support ALP candidates. The larger a union grows, the more difficult keeping this discipline can become. The NUW recently considered merging with the AWU, but post was told that the AWU backed away.

The Split in the Right and Its Resolution

¶11. (C/NF) Recently, a split occurred among the Victorian right-leaning labor unions after a deal for parliamentary seats went bad (Ref C). Post was told by the AWU and the NUW that the split is now resolved after a meeting on July 10 brought together the AWU, NUW, HSU, and SDA leadership to decide the fate of two parliamentary seats. Kathy Jackson, from the HSU, however, noted that these problems may flare up again at any time if the personalities involved fail to reach

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consensus on parliamentary seat pre-selection.

Scope of Labor Unions

¶12. (SBU) The biggest left-of-center unions, the CFMEU and the AMWU, have 120,000 and 130,000 national members, respectively. The biggest right-leaning unions, the AWU and the SDA, have 135,000 and 230,000 national members, respectively. The SDA is the biggest trade union in Australia. Some unions, like the AMWU, have lost many members due to the economic downturn and hard-hit industries. All unions are feeling the effects of the global slowdown and some of their constituents are suffering.

Comment

¶13. (C/NF) While union membership numbers in Victoria remain at best stable, the influence of the unions over the ruling Australian Labor Party shows no sign of diminishing. As was the case with Australia's Carbon Pollution Reduction Scheme, labor unions here continue to play a significant role in the formulation of national policies that can impact the United States. Recent changes to the workplace relations legislation (Fair Work Australia bill - Ref. B) will empower unions further and will likely strengthen their influence over Australian policies.

THURSTON